



# Finance (No. 2) Act 2023

## 2023 CHAPTER 30

### PART 3

#### MULTINATIONAL TOP-UP TAX

### CHAPTER 5

#### COVERED TAX BALANCE

#### *Amount of covered taxes*

#### **174 Amount of covered tax balance**

- (1) To determine the covered tax balance of a member of a multinational group for an accounting period—

*Step 1*

Determine the amount of the qualifying current tax expense accrued by the member for that period.

*Step 2*

Determine whether any amounts need to be excluded from that expense under [section 175](#) (and adjust it accordingly).

*Step 3*

Determine whether any amounts need to be reflected in that expense under [section 176](#) (and adjust it accordingly).

*Step 4*

If any amount of covered taxes is taken into account more than once in the covered tax balance expense, adjust it so that the amount is only taken into account once.

- (2) For the purposes of [this Part](#), current tax expense is to be expressed—
- (a) as a positive number where it represents an expense, and

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**Status:** Point in time view as at 11/07/2023.

**Changes to legislation:** There are currently no known outstanding effects for the Finance (No. 2) Act 2023, Section 174. (See end of Document for details)

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- (b) as a negative number where it represents a credit.
- (3) If the result of [subsection \(1\)](#) is a negative amount that amount (expressed as a positive number) is a “negative covered tax balance”.
- (4) If the result of [subsection \(1\)](#) is a positive amount, or nil, that amount is a “positive covered tax balance”.
- (5) In [this Part](#)—
- references to the “covered tax balance” of a member of a multinational group are to a positive covered tax balance or a negative covered tax balance;
- “qualifying current tax expense” means the amount of the current tax expense as reflected in the member’s underlying profits to the extent the expense relates to covered taxes.

**Status:**

Point in time view as at 11/07/2023.

**Changes to legislation:**

There are currently no known outstanding effects for the Finance (No. 2) Act 2023, Section 174.